

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

D-1 EDWARD P. MAY,

Defendant.

Case:2:09-cr-20482
Judge: Murphy, Stephen J
MJ: Komives, Paul J
Filed: 10-01-2009 At 04:15 PM
INDI USA V. SEALED MATTER (DA)

INDICTMENT

THE GRAND JURY CHARGES:

GENERAL ALLEGATIONS

At all times pertinent to this indictment:

1. Beginning on or about 1997 and continuing until August 2007, in the Eastern District of Michigan and elsewhere, defendant EDWARD P. MAY knowingly and willfully intended to and did devise and carry out a scheme to defraud and to obtain money and property by means of false and fraudulent representations, pretenses, and promises, through various fraudulent purported investment opportunities which he offered and caused to be offered to investor victims of the scheme.

2. To accomplish his fraudulent purposes, defendant EDWARD P. MAY engaged in the following acts, practices, misrepresentations, and deceptions:

- a. In 1997, EDWARD P. MAY formed E-M Management Co. LLC, which was located in rented office space in Lake Orion, Michigan. E-M Management Co. LLC would offer, promote, and manage private investments made through the

investment limited liability companies ("LLCs") described below.

- b. EDWARD P. MAY formed over 150 LLCs, filing articles of organization for them with the Michigan Department of Labor & Economic Growth, and applied for and received Employer Identification Numbers ("EINs") from the Internal Revenue Service for the LLCs which were used to identify business accounts and tax returns.
- c. EDWARD P. MAY told hundreds of individuals in the Detroit metropolitan area and elsewhere that the LLCs acquired telecommunications equipment and then provided telecommunications services to various hotels in Nevada, New York, New Jersey, California, elsewhere in the United States, and in foreign countries.
- d. EDWARD P. MAY induced numerous persons in the Detroit metropolitan area and elsewhere to invest large amounts of money in the LLCs, purportedly for investment in "contracts" or "agreements" providing telecommunications equipment and services to various hotels which contracts and agreements in fact did not exist.
- e. EDWARD P. MAY caused fraudulent "private offering memorandums," "subscription agreements," and "investment recaps" for the LLCs to be drafted and distributed to potential investors.
- f. The offering memorandums fraudulently stated that EDWARD P. MAY's company, E-M Management Co., entered into agreements with various hotel corporations, including Hilton Hotels, Sheraton Hotels, Hyatt Hotels, and MGM Grand Hotels, to "provide all of the telecommunication services to the hotel properties" and to "install new equipment where needed, to purchase existing

equipment where practicable and to cut over the services from present providers,” and fraudulently promised investors that the funds raised “will be used solely for the purpose of purchasing telephone, high speed internet, low speed internet, [and] DVD equipment.”

- g. The offering memorandums “guaranteed a minimum monthly income” to each investment LLC, usually for a term of either twenty or twenty-four months. The guaranteed monthly income promised by EDWARD P. MAY to each investment LLC ranged from over \$30,000 per month to over \$100,000 per month.
- h. EDWARD P. MAY deceived victim investors into believing that their funds were being used and invested as represented, and concealed from victim investors and others the fact that these "investments" were actually being used to support a pyramid or "Ponzi" scheme, by paying purported investment returns to some investors with funds actually obtained from other investors.
- i. EDWARD P. MAY utilized the services of a stock broker and investment advisor to solicit investments in the LLCs. This individual was a registered representative of two securities firms that were members of the National Association of Securities Dealers, Inc. (“NASD”) and the Securities Investor Protection Corporation (“SIPC”) and registered as broker-dealers with the U.S. Securities and Exchange Commission (“SEC”).
- j. EDWARD P. MAY utilized the services of an accounting firm to legitimize the investments:
 - i. Many of the private offering memorandums identified the accounting firm as the LLCs’ accounting firm and stated that “Persons seeking information

relative to the background and experience of the promulgator of this project may call Mr. [. . .] of [the accounting firm] at 248-xxx-xxxx. Mr. [. . .] is authorized to answer any questions about the other entities managed by the offeror”.

- ii. Many of the private offering memorandums stated that the accounting firm recommended that each group of investment opportunities be formed as an LLC.
- iii. The accounting firm prepared and issued a Schedule K-1 (Form 1065) annually to each investor, reporting the income received from each LLC, which the investor then relied upon in filing his/her federal tax returns each year.
- k. EDWARD P. MAY diverted and misappropriated the funds invested in the LLCs to his own personal use and benefit and to the benefit of his company, E-M Management.
- l. EDWARD P. MAY used money invested by individuals in the LLCs to:
 - i. make payments to earlier investors which EDWARD P. MAY falsely represented to the investors as a return of principal and income generated by the investment LLCs;
 - ii. pay finder's fees, or referral fees, to several individuals who brought in new investors;
 - iii. pay fees to several individuals who provided administrative assistance to EDWARD P. MAY such as preparing and sending monthly checks and distribution reports to investors;

- iv. pay professional fees for tax preparation services for all of the investment LLCs [which included the annual preparation of a Schedule K-1 (Form 1065) for every investor], for EDWARD P. MAY personally, and for EDWARD P. MAY's other businesses;
- v. pay for travel to and from Las Vegas;
- vi. gamble and pay personal gambling debts;
- vii. pay off personal bank loans;
- viii. personally invest in oil and gas leases and REITs;
- ix. personally invest in a number of businesses in Nevada and Michigan, including West Coast Marketing, LLC, Fore Honors Las Vegas LLC, Fore Honors LLC, Las Vegas Million Dollar Shootout LLC, Great Shots, LLC, Creto International, Inc., R3 Advertising LLC, Camelot Club Inc., and E-M Management & Associates, LLC; and
- x. pay his ordinary living expenses;

3. During the latter part of the scheme, from on or about 2005 through on or about August 2007, between 2,500 and 4,000 checks per month were mailed to investors.

4. Over the course of the scheme, EDWARD P. MAY induced individuals to invest over \$200,000,000 in over 150 LLCs.

5. EDWARD P. MAY's scheme resulted in a total loss of over \$35,000,000 to the individuals who invested in the fraudulent LLCs.

COUNTS ONE THROUGH FIFTY-NINE

(18 U.S.C. § 1341 - Mail Fraud)

D-1 EDWARD P. MAY

6. The General Allegations are incorporated into these counts by reference.

7. From on or about 1996 through on or about August 2007, in the Eastern District of Michigan, Southern Division, defendant EDWARD P. MAY devised and executed a scheme to defraud and to obtain money from individuals by means of false and fraudulent pretenses, representations and promises as to material facts;

8. On or about each of the dates listed below, for the purpose of executing and carrying out the scheme, Defendant EDWARD P. MAY did knowingly cause to be delivered by the United States Postal Service or by interstate commercial carrier, numerous documents and checks relating to the fraudulent LLCs, which were either mailed from the Eastern District of Michigan to investors, who were located in Michigan and in a number of other states, or from investors in Michigan and other states to the Eastern District of Michigan, in order to further and to execute the scheme to defraud and to obtain money by means of false and fraudulent pretenses, representations and promises;

9. Each of the following constitutes a separate count of mail fraud:

Count	Date On or About	Mailing Origination and Destination	Sender/ Recipient	Item(s) Mailed	LLC Investment
1	October 2004	Lake Orion, MI to Morristown, NJ	G.M.	Letter to Prospective Investor/Offering Memorandum/ Operating Agreement	Desert Project Five

2	October 2004	Morristown, NJ to Lake Orion, MI	G.M.	\$29,010.00 Investment Check	Desert Project Five
3	November 2004	Cincinnati, OH to Lake Orion, MI	U.S. Dept. of Treasury	Form SS-4 Assigning Employer ID #	Desert Project Five
4	April 2005	Lake Orion, MI to Morristown, NJ	G.M.	Letter to Investor Re: Cost of Equipment, Income Guarantee, and Income Increase	Desert Project Five
5	August 2005	Lake Orion, MI to Morristown, NJ	G.M.	Letter to Investor Re: Management Fees	Desert Project Five
6	August 2005	Lake Orion, MI to Morristown, NJ	G.M.	Distribution Statement and \$325.59 Distribution Check	Desert Project Five
7	October 2005	Lake Orion, MI to Morristown, NJ	G.M.	Letter to Investor Re: Income and Distributions	Desert Project Five
8	October 2005	Lake Orion, MI to Morristown, NJ	G.M.	Distribution Statement and \$282.18 Distribution Check	Desert Project Five
9	January 2006	Lake Orion, MI to Morristown, NJ	G.M.	Distribution Statement and \$549.53 Distribution Check	Desert Project Five
10	July 2006	Lake Orion, MI to Morristown, NJ	G.M.	Distribution Statement and \$512.23 Distribution Check	Desert Project Five
11	February 2007	Lake Orion, MI to Morristown, NJ	G.M.	Distribution Statement and \$1,345.00 Distribution Check	Desert Project Five

12	June 2007	Lake Orion, MI to Morristown, NJ	G.M.	Distribution Statement and \$1,140.76 Distribution Check	Desert Project Five
13	September 2005	Lake Orion, MI to Boca Raton, FL	M.S. and B.S.	Letter Inviting Participation in the Project	Desert Project Fifteen
14	September 2005	Boca Raton, FL to Lake Orion, MI	M.S. and B.S.	\$25,117.00 Investment Check	Desert Project Fifteen
15	September 2005	Boca Raton, FL to Lake Orion, MI	M.S. and B.S.	Executed Subscription Agreement	Desert Project Fifteen
16	January 2006	Cincinnati, OH, to Lake Orion, MI	U.S. Dept. of Treasury	Form SS-4 Assigning Employer ID #	Desert Project Fifteen
17	February 2006	Lake Orion, MI to Boca Raton, FL	M.S. and B.S.	Distribution Statement	Desert Project Fifteen
18	March 2006	Lake Orion, MI to Boca Raton, FL	M.S. and B.S.	Letter Re: Incorrect February 2006 Distribution Check	Desert Project Fifteen
19	April 2006	Lake Orion, MI to Boca Raton, FL	M.S. and B.S.	Distribution Statement	Desert Project Fifteen
20	January 2006	Cincinnati, OH to Lake Orion, MI	U.S. Dept. of Treasury	Form SS-4 Assigning Employer ID #	Nevada Mix Project Two
21	February 2006	Troy, MI to Grosse Ile, MI	P.J.	Cover Letter from Doeren Mayhew and Schedule K-1	Nevada Mix Project Two
22	March 2006	Navarre, FL to Lake Orion, MI	P.J.	Letter Re: Change of Address	Nevada Mix Project Two
23	October 2006	Lake Orion, MI to Navarre, FL	P.J.	Distribution Statement	Nevada Mix Project Two
24	November 2006	Lake Orion, MI to Navarre, FL	P.J.	Distribution Statement	Nevada Mix Project Two

25	November 2006	Lake Orion, MI to Navarre, FL	P.J.	Letter Re: November 2006 Checks and Request for Direct Deposit Information	Nevada Mix Project Two
26	December 2006	Lake Orion, MI to Navarre, FL	P.J.	\$1,414.54 Distribution Check	Nevada Mix Project Two
27	January 2007	Navarre, FL to Lake Orion, MI	P.J.	Letter in Response to Request for Direct Deposit Information	Nevada Mix Project Two
28	February 2007	Troy, MI to Grosse Ile, MI	P.J.	Cover Letter from Doeren Mayhew and Schedule K-1	Nevada Mix Project Two
29	July 2007	Lake Orion, MI to Navarre, FL	P.J.	Letter Re: Delay in Instituting Direct Deposit System	Nevada Mix Project Two
30	November 2006	Lake Orion, MI to West Bloomfield, MI	B.A.	Offering Memorandum	Bahamas Project Two
31	November 2006	West Bloomfield, MI to Lake Orion, MI	B.A.	Executed Subscription Agreement	Bahamas Project Two
32	November 2006	West Bloomfield, MI to Lake Orion, MI	B.A.	\$122,000.00 Investment Check	Bahamas Project Two
33	April 2007	West Bloomfield, MI to Lake Orion, MI	B.A.	\$122,000.00 Investment Check	Bahamas Project Two
34	February - March 2007	Cincinnati, Ohio to Lake Orion, MI	U.S. Dept. of Treasury	Form SS-4 Assigning Employer ID #	ATL Project One
35	December 2006	Lake Orion, MI to Lake Forest, CA	R.G.	Offering Memorandum	ATL Project One
36	December 2006	Lake Forest, CA to Lake Orion, MI	R.G.	Executed Operating Agreement	ATL Project One

37	December 2006	Lake Forest, CA to Lake Orion, MI	R.G.	\$28,500.00 Investment Check	ATL Project One
38	July 2007	Lake Orion, MI to Lake Forest, CA	R.G.	Letter Re: Delivery of Monthly Distributions	ATL Project One
39	January 2006	Lake Orion, MI to Morristown, NJ	G.M.	Offering Memorandum	New Jersey Project Three
40	January 2006	Morristown, NJ to Lake Orion, MI	G.M.	\$31,360.00 Investment Check	New Jersey Project Three
41	June 2006	Cincinnati, Ohio to Lake Orion, MI	U.S. Dept. of Treasury	Form SS-4 Assigning Employer ID #	New Jersey Project Three
42	December 2006	From Lake Orion, MI to Waterford, MI	D.S and L.S.	Distribution Statement	Cal Indi Two
43	January 2007	From Lake Orion, MI to Waterford, MI	D.S and L.S.	\$3,553.04 Distribution Check	Cal Indi Two
44	February 2007	Cincinnati, Ohio to Lake Orion, MI	U.S. Dept. of Treasury	Form SS-4 Assigning Employer ID #	Cal Indi Two
45	February 2007	From Lake Orion, MI to Waterford, MI	D.S and L.S.	Distribution Statement	Cal Indi Two
46	February 2007	From Lake Orion, MI to Waterford, MI	D.S and L.S.	\$3,599.04 Distribution Check	Cal Indi Two
47	March 2007	From Lake Orion, MI to Waterford, MI	D.S and L.S.	Distribution Statement	Cal Indi Two
48	April 2007	From Lake Orion, MI to Waterford, MI	D.S and L.S.	Distribution Statement	Cal Indi Two
49	April 2007	From Lake Orion, MI to Waterford, MI	D.S and L.S.	\$3,601.04 Distribution Check	Cal Indi Two
50	May 2007	From Lake Orion, MI to Waterford, MI	D.S and L.S.	Distribution Statement	Cal Indi Two
51	June 2007	From Lake Orion, MI to Waterford, MI	D.S and L.S.	Distribution Statement	Cal Indi Two

52	June 2007	From Lake Orion, MI to Waterford, MI	D.S and L.S.	\$3,601.04 Distribution Check	Cal Indi Two
53	July 2007	From Lake Orion, MI to Waterford, MI	D.S and L.S.	Distribution Statement	Cal Indi Two
54	July 2007	From Lake Orion, MI to Waterford, MI	D.S and L.S.	\$3,601.04 Distribution Check	Cal Indi Two
55	June 2007	Cincinnati, OH to Lake Orion, MI	U.S. Dept. of Treasury	Form SS-4 Assigning Employer ID #	WH New York Project Five
56	June 2007	Waterford, MI to Sacramento, CA	M.L.	Offering Memorandum	WH New York Project Five
57	July 2007	Waterford, MI to Sacramento, CA	M.L.	Subscription Agreement	WH New York Project Five
58	July 2007	Sacramento, CA to Waterford, MI	M.L.	\$48,500.00 Investment Check	WH New York Project Five
59	July 2007	Waterford, MI to Sacramento, CA	M.L.	Investment Recap	WH New York Project Five

10. All in violation of Title 18, United States Code, Section 1341.

FORFEITURE ALLEGATIONS

(Criminal Forfeiture -18 U.S.C. § 981(a)(1)(C) & 28 U.S.C. § 2461)

Pursuant to 18 U.S.C. § 981(a)(1)(C) in conjunction with 28 U.S.C. § 2461, if convicted of the violations charged in Counts One through Fifty-Nine of this Indictment, or any one or more of them, the defendant, EDWARD P. MAY, shall forfeit to the United States any property, real or personal, which constitutes or is derived from gross proceeds traceable to a violation or violations of 18 U.S.C. § 1341 (Mail Fraud).

Upon conviction, the United States will request that a forfeiture money judgment in its favor in the amount of approximately \$35,000,000.00, representing the gross proceeds derived from or traceable to the mail fraud offenses enumerated in this Indictment, be entered against the defendant, EDWARD P. MAY.

If, as a result of any act(s) or omission(s) of the defendant, EDWARD P. MAY, any of the proceeds or property described in the preceding paragraph cannot be located upon the exercise of due diligence; have been transferred, sold to, or deposited with a third party; have been placed beyond the jurisdiction of the court; have been substantially diminished in value; or, have been commingled with other property which cannot be divided without difficulty, EDWARD P. MAY shall forfeit any other property he has up to the value of such proceeds or property to the United States, as provided under 21 U.S.C. § 853(p)(2).

THIS IS A TRUE BILL.

s/Gand Jury Foreperson
FOREPERSON
Dated: October 1, 2009

TERRENCE BERG
United States Attorney

s/Sheldon Light
SHELDON LIGHT
Assistant U.S. Attorney
Unit Chief, Economic Crimes Unit

s/Stephen L. Hiyyama
STEPHEN L. HIYAMA (P32236)
Assistant United States Attorney
211 W. Fort St., Suite 2001
Detroit, Michigan 48226
Phone: (313) 226-9674
E-mail: Stephen.Hiyama@usdoj.gov

s/Sarah Resnick Cohen
SARAH RESNICK COHEN (P51968)
Assistant United States Attorney
211 W. Fort St., Suite 2001
Detroit, Michigan 48226
Phone: (313) 226-9637
E-mail: Sarah.Cohen@usdoj.gov

United States District Court
Eastern District of Michigan

Criminal Case Cov

Case:2:09-cr-20482
Judge: Murphy, Stephen J
MJ: Komives, Paul J
Filed: 10-01-2009 At 04:15 PM
INDI USA V. SEALED MATTER (DA)

NOTE: It is the responsibility of the Assistant U.S. Attorney signing this form to com

Companion Case Information	Companion Case Number:
This may be a companion case based upon LCrR 57.10 (b)(4)':	Judge Assigned:
<input type="checkbox"/> Yes <input type="checkbox"/> No	AUSA's Initials:

Case Title: USA v. D-1 Edward P. May

County where offense occurred : Oakland

Check One: (x) Felony () Misdemeanor () Petty

☒ Indictment/___ Information --- no prior complaint.
☐ Indictment/___ Information --- based upon prior complaint [Case number:]
☐ Indictment/___ Information --- based upon LCrR 57.10 (d) [Complete Superseding section below].

Superseding Case Information:

Superseding to Case No: _____ Judge: _____

- ☐ Original case was terminated; no additional charges or defendants.
☐ Corrects errors; no additional charges or defendants.
☐ Involves, for plea purposes, different charges or adds counts.
☐ Embraces same subject matter but adds the additional defendants or charges below:

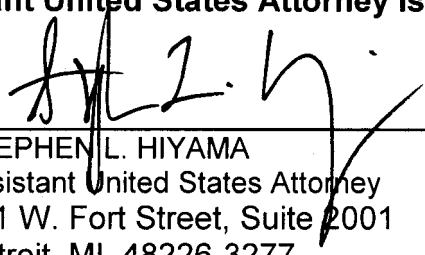
Defendant name

Charges

Please take notice that the below listed Assistant United States Attorney is the attorney of record for the above captioned case.

October 1, 2009

Date


 STEPHEN L. HIYAMA
 Assistant United States Attorney
 211 W. Fort Street, Suite 2001
 Detroit, MI 48226-3277
 Phone: (313) 226-9674
 Fax: (313) 226-2873
 E-Mail address: Stephen.Hiyama@usdoj.gov
 Attorney Bar #: P32236